

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

A

E-01345A
Arizona Public Service Company
P.O. Box 53999 Station 9905
Phoenix AZ 850723999

ANNUAL REPORT

*Entered
5/21/03
C.M.*

FOR YEAR ENDING

12	31	2002
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*2002
assessment
db updated
C.M.*

FOR COMMISSION USE

ANN 03	02
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COMPANY INFORMATION

Company Name (Business Name) <u>Arizona Public Service Company</u>		
Mailing Address <u>PO Box 53999</u>		
<u>Phoenix</u> (City)	<u>Arizona</u> (State)	<u>95072-3999</u> (Zip)
<u>(602) 250-1000</u>	<u>(602) 250-2873</u>	<u>N/A</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>SAME AS ABOVE</u>		
_____ (City)	_____ (State)	_____ (Zip)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>Jana Van Ness</u>		<u>State Regulatory Group Leader</u>	
(Name)		(Title)	
<u>400 N. 5th St., Station 9905</u> (Street)	<u>Phoenix</u> (City)	<u>Arizona</u> (State)	<u>85004</u> (Zip)
<u>(602) 250-2310</u>	<u>(602) 250-2873</u>	<u>N/A</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>Jana.Van.Ness@aps.com</u>			
On Site Manager: <u>N/A</u>			
(Name)			
_____ (Street)	_____ (City)	_____ (State)	_____ (Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			

Statutory Agent: CT Corporation
(Name)

3225 N. Central
(Street)

Phoenix
(City)

Arizona
(State)

85012
(Zip)

(602) 277-4792
Telephone No. (Include Area Code)

N/A
Fax No. (Include Area Code)

N/A
Pager/Cell No. (Include Area Code)

Attorney: Nancy C. Loftin, Vice President and General Counsel
(Name)

400 N. 5th St., Station 9068 Phoenix
(Street) (City)

Arizona
(State)

85004
(Zip)

(602) 250-3252
Telephone No. (Include Area Code)

(602) 250-2873
Fax No. (Include Area Code)

N/A
Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☒ APACHE

☒ COCHISE

☒ COCONINO

☒ GILA

☐ GRAHAM

☐ GREENLEE

☒ LA PAZ

☒ MARICOPA

☐ MOHAVE

☒ NAVAJO

☒ PIMA

☒ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☒ YUMA

☐ STATEWIDE

SERVICES AUTHORIZED TO PROVIDE

Check the following box/s for the services that you are authorized to provide:

☒ **Electric**

- ☒ Investor Owned Electric
- ☐ Rural Electric Cooperative
- ☐ Utility Distribution Company
- ☐ Electric Service Provider
- ☐ Transmission Service Provider
- ☐ Meter Service Provider
- ☐ Meter Reading Service Provider
- ☐ Billing and Collection
- ☐ Ancillary Services
- ☐ Generation Provider
- ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☐ **Gas**

- ☐ Natural Gas
- ☐ Propane

☐ **Other (Specify)** _____

STATISTICAL INFORMATION**TELECOMMUNICATION UTILITIES ONLY**

Total residential access lines	_____
Total business access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

STATISTICAL INFORMATION (CONT'D)ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers	921,318
Residential	819,821
Commercial	96,805
Industrial	3,337
Public street and highway lighting	949
Irrigation	339
Resale	67
Total kilowatt-hours sold	29,057,497,000 kWh
Residential	10,443,820,000
Commercial	10,589,065,000
Industrial	2,192,958,000
Public street and highway lighting	103,948,000
Irrigation	31,964,000
Resale	5,695,742,000
Maximum Peak Load	5,802.9 MW

GAS UTILITIES ONLY

Total number of customers	
Residential	
Commercial	
Industrial	
Irrigation	
Resale	
Total therms sold	therms
Residential	
Commercial	
Industrial	
Irrigation	
Resale	

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

VERIFICATIONSTATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Chris Froggatt VP and Controller</u>
COMPANY NAME	<u>Arizona Public Service Company</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2002</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona (IntraState Gross Operating Revenues Only (\$))

\$ 1,989,329,486

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 129,374,365
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Chris Froggatt
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

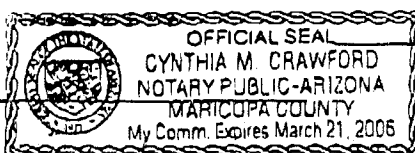
THIS

14thDAY OF April, 2003

COUNTY NAME	<u>MARICOPA</u>	
MONTH	<u>April</u>	<u>2003</u>

(SEAL)

MY COMMISSION EXPIRES



Cynthia M. Crawford
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) <u>Maricopa</u>	
NAME (OWNER OR OFFICIAL) <u>Chris Froggatt</u>	TITLE <u>VP and Controller</u>
COMPANY NAME <u>Arizona Public Service Company</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 975,021,044

(THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 63,673,975

IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X Chris Froggatt
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14th

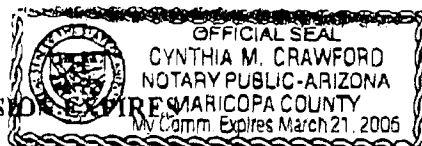
DAY OF

April, 2003

NOTARY PUBLIC NAME <u>Cynthia M. Crawford</u>	
COUNTY NAME <u>MARICOPA</u>	
MONTH <u>April</u>	YEAR <u>2003</u>

(SEAL)

MY COMMISSION EXPIRES



X Cynthia M. Crawford
SIGNATURE OF NOTARY PUBLIC

ARIZONA PUBLIC SERVICE COMPANY STATEMENTS OF INCOME

	Year Ended December 31,		
	2002	2001	2000
Electric Operating Revenues:			
Regulated electricity segment	\$ 2,059,339	\$ 2,562,088	\$ 2,538,750
Marketing and trading segment	34,054	549,240	395,392
Total	<u>2,093,393</u>	<u>3,111,328</u>	<u>2,934,142</u>
Purchased Power and Fuel Costs:			
Regulated electricity segment	595,368	1,227,188	1,065,596
Marketing and trading segment	32,662	313,991	267,032
Total	<u>628,030</u>	<u>1,541,179</u>	<u>1,332,628</u>
Operating Revenues less Purchased Power and Fuel Costs	<u>1,465,363</u>	<u>1,570,149</u>	<u>1,601,514</u>
Other Operating Expenses:			
Operations and maintenance	495,845	465,561	430,092
Depreciation and amortization	399,640	420,893	425,479
Income taxes	132,953	183,640	199,977
Other taxes	107,925	101,077	99,730
Total	<u>1,136,363</u>	<u>1,171,171</u>	<u>1,155,278</u>
Operating Income	<u>329,000</u>	<u>398,978</u>	<u>446,236</u>
Other Income (Deductions):			
Other income	5,149	20,207	9,690
Other expense	(19,338)	(20,790)	(20,547)
Income taxes	6,148	504	4,312
Total	<u>(8,041)</u>	<u>(79)</u>	<u>(6,545)</u>
Income Before Interest Deduction	<u>320,959</u>	<u>398,899</u>	<u>439,691</u>
Interest Deductions:			
Interest on long-term debt	128,462	126,118	134,431
Interest on short-term borrowings	5,416	4,407	7,455
Debt discount, premium and expense	2,888	2,650	2,105
Capitalized interest	(15,150)	(14,964)	(10,894)
Total	<u>121,616</u>	<u>118,211</u>	<u>133,097</u>
Income Before Accounting Change	<u>199,343</u>	<u>280,688</u>	<u>306,594</u>
Cumulative Effect of Change in Accounting for Derivatives – net of income taxes of \$9,892	--	(15,201)	--
Net Income	<u>\$ 199,343</u>	<u>\$ 265,487</u>	<u>\$ 306,594</u>

ARIZONA PUBLIC SERVICE COMPANY
BALANCE SHEETS
ASSETS

	December 31,	
	2002	2001
	(dollars in thousands)	
Utility Plant		
Electric plant in service and held for future use	\$ 8,299,131	\$ 7,935,206
Less accumulated depreciation and amortization	3,442,571	3,287,333
Total	4,856,560	4,647,873
Construction work in progress	329,089	321,305
Intangible assets, net of accumulated amortization	93,259	83,135
Nuclear fuel, net of accumulated amortization of \$102,821 and \$99,185	7,466	6,933
Utility Plant - net	5,286,374	5,059,246
Investments and Other Assets		
Decommissioning trust accounts	194,440	202,036
Assets from risk management and trading activities - long-term	31,622	2,082
Other assets	19,964	76,322
Total Investments and Other Assets	246,026	280,440
Current Assets:		
Cash and cash equivalents	42,549	16,821
Accounts receivable:		
Service customers	136,945	182,749
Other	202,597	55,016
Allowance for doubtful accounts	(1,341)	(3,349)
Accrued utility revenues	72,915	76,131
Materials and supplies (at average cost)	79,985	81,215
Fossil fuel (at average cost)	28,185	27,023
Deferred income taxes	4,094	--
Assets from risk management and trading activities	39,616	10,097
Other	45,361	42,009
Total Current Assets	650,906	487,712
Deferred Debits:		
Regulatory assets	241,045	342,383
Unamortized debt issue costs	16,696	13,163
Other	80,760	42,789
Total Deferred Debits	338,501	398,335
Total Assets	\$ 6,521,807	\$ 6,225,733

**ARIZONA PUBLIC SERVICE COMPANY
BALANCE SHEETS
LIABILITIES AND EQUITY**

	December 31,	
	2002	2001
	(dollars in thousands)	
Capitalization:		
Common stock	\$ 178,162	\$ 178,162
Additional paid-in capital	1,246,804	1,246,804
Retained earnings	819,632	790,289
Accumulated other comprehensive loss:		
Minimum pension liability adjustment	(61,487)	(966)
Derivative instruments	(23,799)	(63,599)
Common stock equity	2,159,312	2,150,690
Long-term debt less current maturities	2,217,340	1,949,074
Total Capitalization	4,376,652	4,099,764
Current Liabilities:		
Commercial paper	--	171,162
Current maturities of long-term debt	3,503	125,451
Accounts payable	118,133	98,959
Accrued taxes	82,557	107,595
Accrued interest	42,608	41,043
Customer deposits	39,865	28,664
Deferred income taxes	--	3,244
Liabilities from risk management and trading activities	59,773	21,840
Other	51,820	18,798
Total Current Liabilities	398,259	616,756
Deferred Credits and Other:		
Deferred income taxes	1,225,552	1,023,079
Liabilities from risk management and trading activities	36,678	95,159
Unamortized gain - sale of utility plant	59,484	64,060
Customer advances for construction	45,513	69,293
Pension liability	156,442	30,247
Other	223,227	227,375
Total Deferred Credits and Other	1,746,896	1,509,213
Commitments and Contingencies		
Total Liabilities and Equity	\$ 6,521,807	\$ 6,225,733



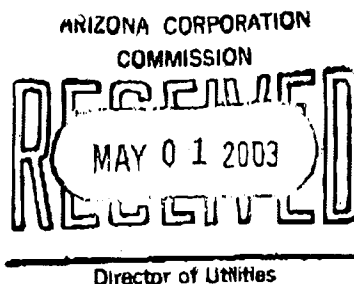
Jana Van Ness
Manager
Regulatory Compliance

Tel 602/250-2310
Fax 602/250-3003
e-mail: Jana.VanNess@aps.com
<http://www.apscc.com>

Mail Station 9909
P.O. Box 53999
Phoenix, AZ 85072-3999

May 1, 2003

Mr. Ernest Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007



RE: APS' VERIFICATION AND SWORN STATEMENTS OF 2002 OPERATING REVENUES
FROM INTRASTATE AND RESIDENTIAL CUSTOMERS

Dear Mr. Johnson:

Pursuant to Arizona Revised Statutes Title 40, Sections 40-401.01, attached are Arizona Public Service Company's Verification and Sworn Statements of 2002 Operating Revenues from Intrastate and Residential Customers.

If you or your staff have any questions, please feel free to call me.

Sincerely,

Jana Van Ness
Manager
Regulatory Compliance

Attachment

JVN/vid

Cc: Manager, Compliance & Enforcement



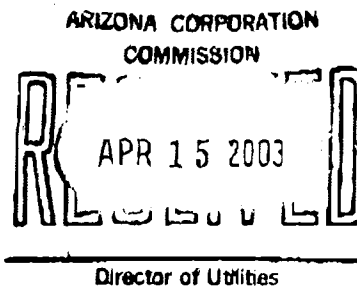
Jana Van Ness
Manager
Regulatory Compliance

Tel 602/250-2310
Fax 602/250-3399
e-mail: jvanness@apsc.com
<http://www.apsc.com>

Mail Station 9909
P.O. Box 53999
Phoenix, AZ 85072-3999

April 15, 2003

Mr. Ernest Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007



RE: APS ELECTRIC UTILITY ANNUAL REPORT FOR YEAR 2002

Dear Mr. Johnson:

Pursuant to the provisions of Title 40, Article 1, Section 40-204, Arizona Revised Statutes, enclosed is a copy of Arizona Public Service Company's Electric Utility Annual Report for the year ending December 31, 2002.

If you or your staff have any questions, please feel free to call me.

Sincerely,

A handwritten signature in black ink that reads "Jana Van Ness". The signature is fluid and cursive.

Jana Van Ness
Manager
Regulatory Compliance

Attachment

JVN/vid

CC: Manager, Compliance and Enforcement

PINNACLE WEST CAPITAL CORPORATION
P.O. BOX 53999
PHOENIX, ARIZONA 85072-3999

FAX COVER SHEET

TO: FAX NUMBER: (602) 542-2129 DATE SENT: 5/21/03

NAME: Carmen

FIRM: ACC

FROM: Vicki Dilola

DEPARTMENT: APS - Regulatory STA.: 9909

EXTENSION: 250-2943 FAX NO.: (602) 250-3053

TOTAL NUMBER OF PAGES SENT INCLUDING THIS COVER SHEET: 10

PLEASE CALL (602) 250-2934 IF YOU DID NOT RECEIVE THE CORRECT NUMBER OF PAGES.

MESSAGE: If you need anything else,
please let me know!

PINNACLE WEST CAPITAL CORPORATION
P.O. BOX 53999
PHOENIX, ARIZONA 85072-3999

FAX COVER SHEET

TO: FAX NUMBER: (602) 542-2129 DATE SENT: 5/21/03

NAME: Carmen

FIRM: ACC

FROM: Xicli DiCala

DEPARTMENT: APS-Regulatory STA.: 9909

EXTENSION: 250-2943 FAX NO.: (602) 250-3003

TOTAL NUMBER OF PAGES SENT INCLUDING THIS COVER SHEET: 3

PLEASE CALL (602) 250-2934 IF YOU DID NOT RECEIVE THE CORRECT NUMBER OF PAGES.

MESSAGE: Sorry about that! Thx Xicli